

# **Historic, Archive Document**

Do not assume content reflects current  
scientific knowledge, policies, or practices.



A 84 Pro

#275

#275

# FARM FAMILY BUSINESS

*A Guide for 4-H Club Leaders*



## Foreword

This program aid is designed as a guide for voluntary local leaders of 4-H Clubs in carrying on activities in the business field. It was prepared as the result of requests from State directors of the Agricultural Extension Service, State 4-H Club leaders, county extension agents, and local leaders. We hope it will prove helpful and stimulating to you and your 4-H members.

Older 4-H Club members are about to make one of the most important choices of their lives—what occupation to follow. Their 4-H experiences should help them to make better choices. They need experience and information about the farm and home business, both on and off the farm.

4-H members have a vital stake in all phases of extension education—including public affairs, marketing, and farm and home business. They are interested in well-planned educational activities in marketing, purchasing, credit or insurance, food processing, breeding, rural electrification, telephone, or other services.

This circular was prepared by a committee composed of representatives of the Federal Extension Service, the Farmer Cooperative Service, the United States Chamber of Commerce, and the American Institute of Cooperation. A preliminary draft was reviewed and revised with the help of a committee of State extension 4-H Club leaders and an economist. One primary goal was kept in mind—helping you to help 4-H Club members to “make the best better.”

# FARM FAMILY BUSINESS

## *A Guide for 4-H Club Leaders*

### 4-H'ers' Stake in Farm Family Business

America's 4-H Clubs are "big business." More than 2 million members are producing products and services worth many millions of dollars each year. And while they are at it they are also learning business principles.

4-H Club members "learn to do by doing." That's how they learn to grow a crop, raise an animal, or make a garment. That, too, is how they learn business on the farm and off the farm.

Many 4-H Club members make a number of business transactions in carrying out their production projects. The club program should

give members the help they need on business problems. Leaders can guide them in:

1. Putting parents' help on a business basis.
2. Buying things needed for the project.
3. Borrowing money or getting other credit.
4. Insuring animals, crops, or other products and equipment.
5. Marketing the product from their projects.
6. Keeping records on what is done.
7. Using or saving the money made.

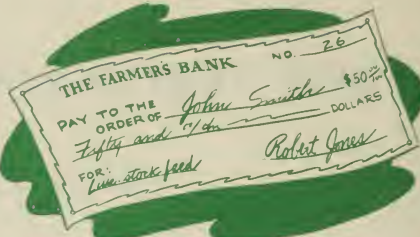


4-H can help make their dreams come true.

**Arranging.** Members should start with a business agreement or understanding covering their project. The farming member has to use land, machinery, livestock, and other capital goods he doesn't own. He may have to get labor for things he cannot do. The dressmaking member will need to use the sewing machine as well as scissors and other tools. Members should account for these items on their records and in many cases pay for them at the prevailing rate.

**Buying.** He buys seed, feed, fertilizer, other supplies, and sometimes chicks, pigs, or calves to use in production. Or she buys cloth, buttons, trimming, and a pattern to make a dress.

**Borrowing.** Often the member makes use of things he doesn't own before he has money to pay for their use. Most likely, too, he does not have enough cash to buy all the supplies he needs. He makes a promise to pay later for what he uses now. He or she may borrow the money



from a parent, or a bank, or get the goods from a merchant on credit. Learning to get and use credit may be a more important lesson than feeding the calf or fitting the dress.

**Insuring.** Often 4-H members should insure against some of the risks that face them. Disease, fire, windstorm, crop failure, and loss in transportation are the more common dangers.

**Marketing.** Usually with farming projects there comes a sale day. This may determine whether he makes a profit. The member has several jobs to do in marketing. He may have to select, grade, pack-



A lesson in banking for the future.

**Marketing — a vital part of 4-H Club work.**



age, and deliver as well as sell his product. Probably he asks price questions from more than one buyer. He may even do some "dickering" to get the top price. He alone or with others may arrange for transportation to a distant market.

**Keeping Records.** A record of expenses and receipts is normally a part of any 4-H production project. Usually, too, the amount of time spent is put down in a labor record. The rent on land, cost of using machinery and equipment, and the value of products used at home should be included. This record keeping will help the member later in keeping his farm accounts, or other business or family living records. Nearly every farmer now must keep accurate records to use in making reports for income tax and social security payments.

**Using Their Money.** Usually 4-H

members have plans for using the money they expect to receive for their products. In fact this desire for money is a spur to making it. The member may be planning for clothes, a trip, a year at college, or any of a hundred and one desirable or useful things. Members use savings accounts, postal savings, and other means of laying aside their money for future use. Frequently those who look ahead build up what they own by buying machinery or other capital goods, or more often by growing or breeding livestock of their own.

**Learning About the Farm Family Business.** 4-H members have a dollar-and-cents stake in the farm and home affairs because their undertakings are usually tied to these assets. The farm and home are their workshop where they learn by doing the jobs associated with their projects and many more as well. Some of them keep the records for

the family business. Sometimes the project agreement grows into a junior partnership. Even in 4-H Club days some members become operators and then owners of the farm business.

**Community Affairs.** Young people often are leaders in community developments. They usually help in raising money through joint activities and for the general welfare. They take part in group efforts of their own 4-H Club, in out-

of-class school projects, in various church undertakings, and in general community improvement schemes. Such activities also provide business training.

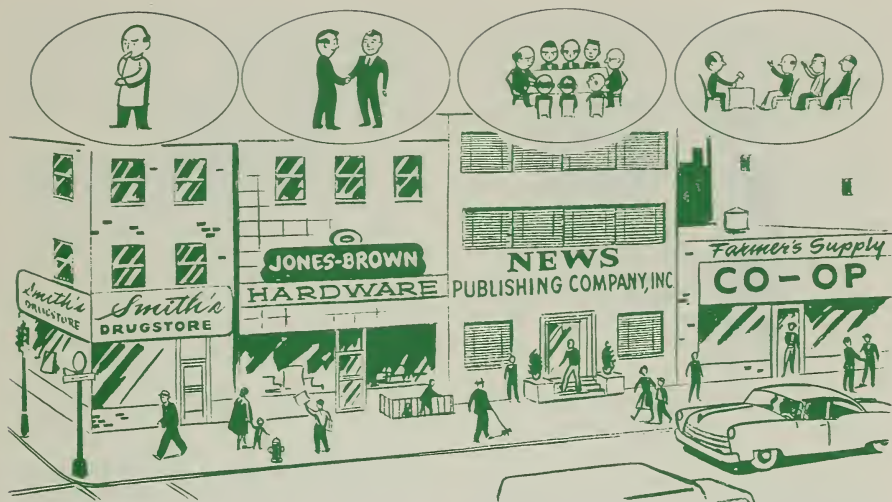
**Town and Country.** In such activities the rural 4-H members learn to appreciate the services by the town people. Likewise the growing number of urban 4-H members learn how the farmer meets city people's needs for food and clothing and his value to the town folk as a customer.



Business and fun can go hand in hand.



4-H—a link between town and country.



Each kind of business has its place on Main Street.

## Our Private Enterprise System

We are living in a business world. All about us, we see people buying, selling, and trading needed products and services.

To understand the community in which we live, it is helpful to know the various types of businesses and how they serve the community.

Every family requires food, clothing, and shelter. In addition, everyone needs credit, medical care, transportation, recreation, and other services.

Many business firms are needed to provide these products and services. These can be divided into four groups: (1) individual owners, (2) partnerships, (3) general corporations, and (4) cooperative corporations.

Each of these four types of businesses has distinct advantages and limitations. 4-H Club members, in the course of their project work,

can benefit from them all. Hence, it is helpful to know their characteristics and how each contributes to the community.

Since all four types of businesses are engaged in supplying needed goods and services, they should all be supported by the community. In like manner they should all support the community.

**1. Individually Owned Business.** The individually owned business is the oldest form. It is illustrated by the 4-H Club member who owns a calf or has a garden project, or by his father who owns and operates the family farm, or by the independent grocer from whom the family buys its coffee, sugar, and other groceries.

The individual businessman is the sole owner. He makes his own decisions. He determines his own



**Individual enterprise at work on the farm.**

operating policy. He finances the business through personal capital or borrowed money. He takes all the risks.

The owner may use his net earnings or profits in any way he pleases. That is one of the great incentives of our private enterprise system.

In case the business fails, the individual owner suffers the loss. When he retires or dies, the business has to be taken over by an heir, or sold, or closed.

**2. Partnerships.** As business opportunities developed, through the years, two or more individuals often found it helpful to go into business together. This arrangement has become known as a business partnership.

By combining their know-how, their money, and their time, the partners can develop a more successful business together than they can individually.

For example, a farmer taking his son into business with him can operate a larger farm. Or a hardware merchant taking a trusted friend into partnership with him can operate a more complete hardware business.

In each case, the partners own the business together. They share the management and agree among themselves how the business shall be run.

The partners contribute the capital needed. Additional money is borrowed when necessary.

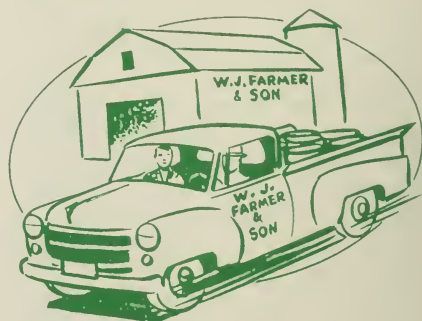
The partners share in the earnings according to their agreement.

In case of business failure, the partners are each personally liable for any losses incurred. Moreover, when one partner dies or desires to leave the business, the partnership must be dissolved or reorganized.

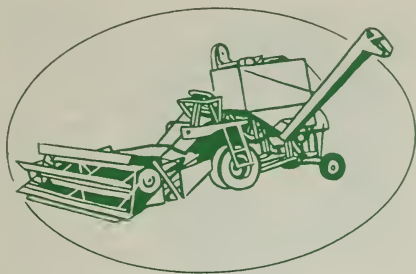
**3. Corporations.** As business became more specialized and capital needs increased, a third type of business developed. The individual owners needed financial protection in case of business failure. A greater degree of continuity was also desirable in some instances. The answer was the corporation.

The State issues a charter to a group of people who desire to organize a corporation, which permits them to conduct their business as a single body or person for the duration of the charter.

For example, your local bank or city newspaper is usually a business corporation, and so are most railroads.



**Father and son—a sound farming arrangement.**



**Corporations have a place on the farm, too.**

An important characteristic of a corporation is that it continues as a business body for the duration of its charter, even though its owners change. Thus, it is more permanent than the individual business or partnership.

The owners of a corporation are called stockholders. Each stockholder owns one or more shares, based on his investment. Usually each shareholder gets one vote for each share of common stock held.

A corporation is financed through capital furnished by the owners, who receive shares of stock as evidence of ownership. Additional capital is obtained by issuing bonds or other forms of loans.

Each stockholder can lose no more than the amount he has invested. The corporation's policy and decisions are generally made by its board of directors.

The returns on capital are usually unlimited, and the earnings or profits, if any, are distributed as dividends to the owners or common stockholders.

Individual businessmen, partners, and general corporations are all alike in that they deal with customers who want their services and goods. Generally, also, the owners share in the earnings of the business in proportion to their investment.

**4. Cooperative Corporations.** As business continued to develop, there came a demand for a special type of corporation called the cooperative corporation.

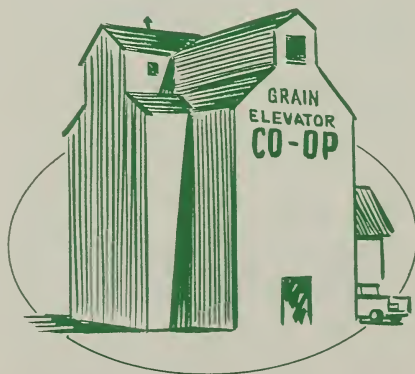
A cooperative corporation consists of a group of individuals who organize together to provide needed marketing facilities for their products, to purchase their farm supplies and equipment, or to provide other needed services for themselves.

For example, the cooperative grain elevator, the local farm supply cooperative, or the mutual insurance company in your community usually is a cooperative corporation. The corporation is owned by its members.

Like other corporations, its policies and decisions are made by elected directors or direct vote of the members. The day-to-day operations are entrusted to a general manager who is responsible to the board of directors.

In most cooperatives, each member has one vote regardless of how much money he has invested in the business.

A cooperative business is financed through members' capital and



**A cooperative facility—owned and operated by its farmer members.**

through loans. The member patrons generally supply a major portion of the capital needed. As the owners of a cooperative are the users of its services, they naturally want to get these services as cheaply as possible. Thus, the rate of interest which members may receive on their investment is limited.

After making an interest-type of payment on the member's investments and paying other costs, the earnings or savings are divided

among the owners on a patronage basis. In this way, the member patrons receive their services at cost.

Cooperative corporations are especially important to farmers. They enable individual operators to pool their resources and at the same time retain a large share of their personal freedom. They often help the family-size farm to buy and sell under more favorable terms and to obtain new services not previously available.

## Home Business Training Programs for 4-H Club Members

### **The Farm and Home Fit Together.**

The family has many business operations in the home as well as on the farm. Each of the members is affected by the resources of the family and the way the members use what they have to get what they want.

The farm and home are part of one unit. Farm and home needs are a family affair and must be considered together. It is sometimes said that the farm family is one business group that can hold a "board of directors" meeting around the breakfast table or at the fireside. The family may have to decide, on the basis of its most immediate need, whether to buy a new car or a farm tractor, or to make home repairs. The family must know the things it wants and decide the best way to obtain them. Only as the family works together can the right decisions be made and good family relations be maintained.

In all families, but especially so in a farm situation, the labor and

know-how of each member are important to the total family business. The rural boy or girl can see his efforts show up in more income, money saved, or family needs fulfilled.

**Help Club Members Understand What the Family Has "To Spend" To Meet Its Needs.** The farm family has three kinds of resources to use, or to spend—time, energy, and money.

Each is needed—but time, energy, and money are somewhat interchangeable. If a family is short on one, it can help make up for the lack by spending more of the other. For example, if a family has several husky members willing to work (energy), and with time to work, it can make up for lack of money. For instance, family members might do their own wallpapering instead of paying to have it done. Other families may have time, or even money, but because of poor health, or other reasons, they may lack the manpower or energy.

## TIME



learning of easier and better ways of doing the necessary jobs.

**Families Move Ahead Fastest When They Know What It Is They Want.** Club members learn most and work hardest when they have a voice in the making of decisions about family business. Here are the steps families go through in making their decisions:

1. Talk about their needs and the things they want.
2. Decide which are most important.
3. See if they can learn to do more for themselves.
4. See if they can substitute time and energy to save dollars for something else.
5. Learn new skills.

## ENERGY



**Families, Like Businesses, Take Certain Security Measures to Protect Themselves.** They plan for:

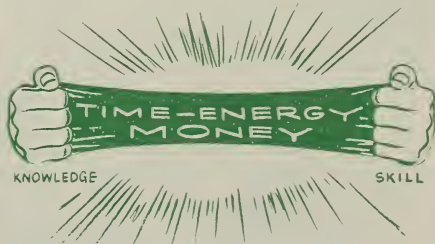
1. Savings for certain goals—such as desired education for the children.
2. Investment in equipment for economical and satisfying living.
3. Upkeep of house and grounds.
4. Checkups and preventive measures to keep the family well.
5. Insurance (fire, health, and other types).

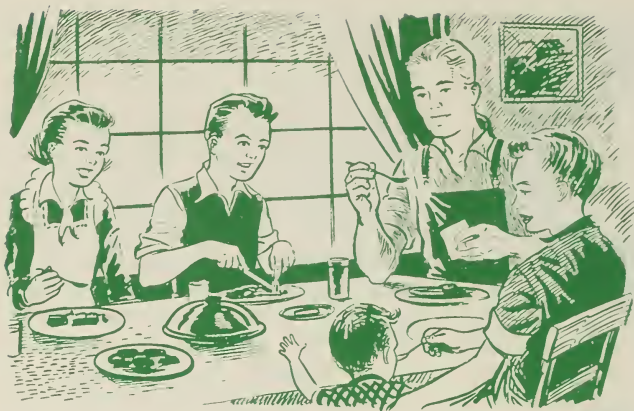
## MONEY



That's why we say time, energy, and money are somewhat interchangeable.

Knowledge and skills can stretch the resources of time, energy, and money. That's where the "Make the Best Better" idea of 4-H Club work fits so well—it means the





A "board of directors" that meets three times a day, each a "voting member."

Families that plan together work together.



**Challenge Your Members to Choose Projects and Activities That Will Help Them Understand and Improve Home Business Methods.** These are some common

examples; they may suggest others:

- ... Find ways to earn spending money. Keeping track of how it is spent helps in planning wiser use.
- ... Keep the family books—see if the family is getting all it can for its dollars.
- ... Build a business center—make a safe place for important family papers.

- ... Build a bulletin board—make it easy to assign home tasks and keep track of them.
- ... Buy one of the family's needs, such as groceries, clothing, school supplies. Learn to get more for money spent. Keeping a record will help show how to do the job better.
- ... Plan and carry out convenient arrangement for equipment for some household task, such as the laundry.
- ... Find out what it costs to operate the family car. Help plan when it should be used.

Keeping family records can be as interesting as helpful.



Reduce upkeep expense by washing, shining the car, or helping with maintenance.

... Survey the home for accident hazards, which may result in emergency expenditures of time, money, or energy. Cor-

rect the hazards found. Help family members develop safe working habits.

... Plan storage for small children's belongings. Help them learn to put their things away. ... Build equipment for home rec-

Stretching savings through "doing it yourself."



reaction. Encourage the family to plan inexpensive fun for itself and friends.

... Plan clothing needs for the family. Make some of the articles that are wanted.

... Decide with the family whether it can save money by producing and conserving food at home. This may suggest 4-H projects such as gardening, freezing, and canning.

Thrift training—and thrift—through food freezing.



## Farm Business Training Programs for 4-H Club Members

There is "no royal road to learning" when we consider farm family business activities as they affect 4-H Club work. Many States have developed programs to give 4-H members a better understanding of the various types of business.

Activity programs for 4-H Club members include the following:<sup>1</sup>

1. Marketing and buying through planned pro-

grams. Examples are the marketing trip sponsored annually for 4-H Club members by Michigan Milk Producers Federation cooperating with Agricultural Extension Service, and Georgia 4-H trips to various business establishments.

2. Conducting essay programs. In Alabama, Georgia, and other States. 4-H boys and girls enrolled in agricultural and home eco-

<sup>1</sup> Typical examples of farm family business activities are listed after each item.

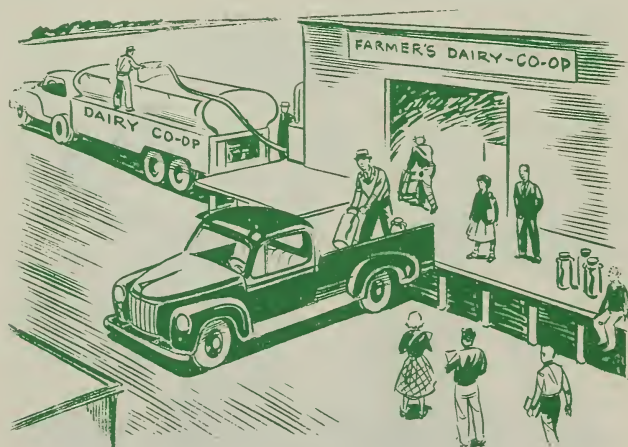
nomics projects are eligible to study and write their views on "off the farm" business affairs of agriculture.

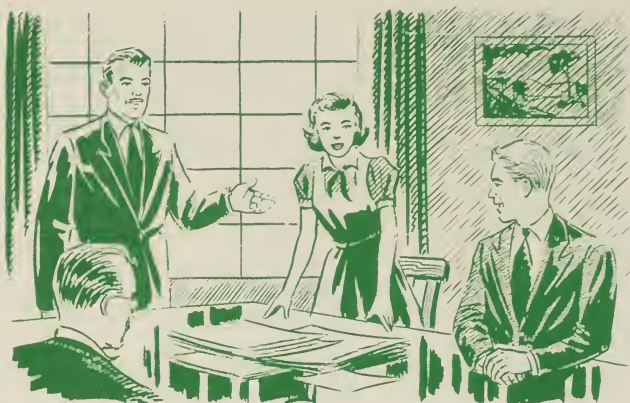
3. Providing quiz training programs about four types of farm business. The activity is being developed in several States.
4. Serving as junior directors on cooperative boards of directors. Wisconsin and Florida have several such boards.
5. Receiving training in ways of doing business through temporary work with a local business representing the four types. Alabama and Tennessee are among the States that provide such experience.
6. Organizing and conducting a junior cooperative, often for credit, purchasing, marketing, or other purposes. Livestock purchasing and several production credit associations in Kentucky are organized pri-

marily for 4-H Club members.

7. Getting credit and insurance needed in 4-H activities. New Jersey, Ohio, and several other States offer examples.
8. Visiting various types of business establishments. Iowa, Massachusetts, Montana, Texas, and Utah are among States conducting such activities.
9. Conducting public speaking programs on timely topics related to farm business. Iowa, Oklahoma, and Mississippi are operating such programs.
10. Conducting special field days and pageants relating to farm business. Ohio, Oregon, and Utah annually carry on these activities.
11. Participation in annual or special meetings of national organizations and associations, such as American Institute of Cooperation, farm organizations,

4-H'ers' learn marketing through tours.





Youth participation today—adult leadership tomorrow.

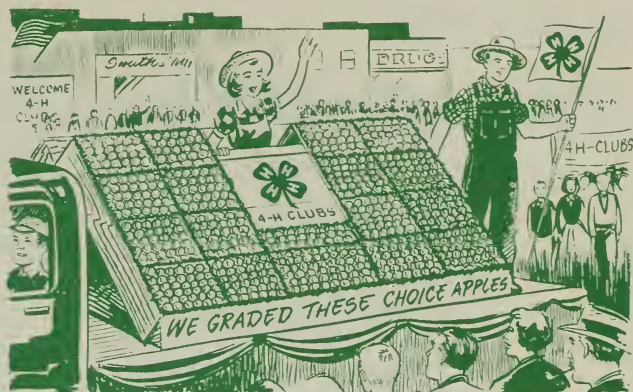
- chambers of commerce, banks, insurance companies, trade associations, commodity associations, and similar groups.
12. Providing opportunity for membership in cooperatives as clubs or individuals. 4-H boys and girls are frequently members in many of the States.
  13. Showing slides and films. Pennsylvania uses films extensively; Farm Credit Administration film Farm-

- ers Working Together, and training slides provided by various organizations, are widely used.
14. Taking part in television and radio programs. Kentucky Utopia Clubs and Iowa Grain Dealers' Co-operative Association have participated.
  15. Giving illustrated talks and demonstrations. Missouri, North Dakota, Oklahoma, and Washington emphasize such marketing



Learning values at the auction market.

4-H Club work on parade—a good teaching method.



and farm business activities.

Space does not permit listing all the activities now being used in the various States. Many States, counties, and clubs combine several activities in order to provide better training in farm family business. The following will illustrate two of these programs:

1. 4-H marketing activity (a combination of many of the foregoing items—1 through 15). The State of Washington has organized an easily adapted marketing activity for 4-H Club members.

The objectives of this program in marketing include a better understanding of business procedure, acquaintance with business leaders, study of four kinds of businesses, and increased interest in the 4-H program.

4-H Club members make tours to various business establishments; write news stories; study and report business procedures; visit banks and cooperative loan associations; market animals; procure livestock, feed, seeds, fertilizer, and other supplies through a cooperative; and conduct an illustrated talk on

marketing in the process of carrying on this activity.

2. County committees concerned with education of rural youth about farm business (also a combination of several activities).

Utah has in operation an educational program centering in county committees which provides farm business training for 4-H members.

County committees composed of local farmer cooperative representatives, county agents, vocational agricultural teachers, and 4-H Club leaders meet twice a year to plan the youth educational program. County agents, home demonstration agents, and 4-H Club leaders report on business activities of the outstanding club in the area. Teachers in high schools are asked to provide instruction in conducting farm business.

Cooperative leaders are encouraged to promote recommended proposals of the committee, such as tours and attendance at cooperative or other business meetings; to attend meetings of boards of directors; to provide awards; to arrange for field days; and to arrange for the participation of youth on radio programs.

# Sources of Help

Club leaders interested in providing business information and experience for their members have many sources of help that can be tapped.

## I. SOURCES OF ASSISTANCE (Some examples).

### A. Local assistance.

1. Local marketing and farm supply businesses.
2. Local farm organizations.
3. Local USDA representatives.
4. Chambers of commerce.
5. Banks, production credit associations, and credit unions.
6. Insurance companies.
7. Rural electric and telephone organizations.
8. Management and labor representatives.
9. Irrigation cooperatives.

### B. State and national assistance.

1. Your State Agricultural Extension Service.
2. U. S. Department of Agriculture.
3. Your State cooperative council.
4. Farm Credit Administration.
5. American Institute of Cooperation.
6. U. S. Chamber of Commerce.
7. Institute of Life Insurance.
8. State and national farm organizations.

## II. TYPES OF ASSISTANCE AVAILABLE.

### A. Personal services.

1. Supply speakers.
2. Arrange for illustrated talks.
3. Provide demonstrations.
4. Conduct quiz programs.
5. Sponsor essay contests.
6. Show films and slides.
7. Arrange business tours.
8. Offer awards.
9. Provide trips.
10. Advise 4-H leaders.
11. Serve as 4-H leaders.
12. Arrange radio and television programs.
13. Foster educational exhibits.
14. Offer camp scholarships.

15. Contribute refreshments.
16. Provide work opportunities.
17. Invite attendance at business meetings.
18. Publicize 4-H activities of a business nature in farm periodicals.

**B. Educational materials.**

1. Supply educational circulars.
2. Provide motion pictures.
3. Supply filmstrips and lantern slides.
4. Lend educational exhibits.
5. Prepare flannelgraph talks.

**III. TYPICAL PUBLICATIONS AND EDUCATIONAL AIDS AVAILABLE NATIONALLY.**

**A. Typical motion picture films available from the U. S. Department of Agriculture, Washington 25, D. C.**

The Rural Co-op.  
 Farmers Working Together.  
 Bob Marshall Comes Home.  
 Power and the Land.  
 Cotton the Co-op Way.  
 Fruits, Vegetables, and Cooperation.  
 Livestock Cooperatives in Action.  
 Cooperative Wool From Fleece to Fabric.  
 Banking on the Land.  
 Production Credit Does the Job.

**B. Educational aids available from the American Institute of Cooperation, 744 Jackson Place NW., Washington 6, D. C.**

American Private Enterprise System (flannelgraph with script), \$10.  
 Better Living (32 colored slides with script), \$8.  
 Four Methods of Doing Business (5 colored slides with script), \$2.  
 The Vanishing Line Fences (7 colored slides with script), \$2.

**C. Typical publications available from the Farmers Cooperative Service, U. S. Department of Agriculture, Washington 25, D. C. *Single copies free.***

EM 23, Why Co-ops?  
 Cir. E-23, The Story of Farmer Cooperatives.

Cir. E-25, Using a Local Cooperative as Source Material for Teaching.

Cir. E-32, Farmer Cooperatives in Our Community.

Cir. E-34, Guide for Teaching Farmer Cooperatives.

Cir. 40, Better Living.

FB 2026, Father-Son Farmer Operating Agreements.

FCS 1, Cooperative Business Training for Farm Youth.

Educational Aid 1, Farmer Cooperatives—An American Way (sections A, B, C, D, E, and F, a series of illustrated talks, dramatizations, and demonstrations).

**D. Typical publications available from the Farm Credit Administration, Washington 25, D. C. *Single copies free.***

Leader's Guide for Credit Work With 4-H Clubs and YMW Groups.

Rural Youth Starts With Credit.

**E. Typical publications available from the Office of Information, U. S. Department of Agriculture, Washington 25, D. C. *Single copies free.***

FB 1965, Planning the Farm for Profit and Stability.

**F. Typical publications available from States concerned.**

North Central regional publication. (Address request to experiment station in Illinois, Indiana, Iowa, Kentucky, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, or Wisconsin.)

No. 14, Can You Own Your Own Farm?

Northeast regional publications. (Address request to extension service in Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, or West Virginia.)

Use of Credit in Farming.

Father and Son Arrangements on the Farm.

Southern farm management extension publications. (Address request to extension service in Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, or Virginia.)

No. 5, Inheritance—Your Farm and Family.

No. 6, Farm Families Plan Their Future.

**G. Typical publications available from the American Institute of Cooperation, 744 Jackson Place NW., Washington 6, D. C.**

Are Cooperatives a Vital Part of the American Way?  
*Single copies free.*

Cooperatives in School and Community (a teacher's guide). *25 cents a copy.*

How We Organize To Do Business in America. *Single copies free.* Quantities, 25 cents a copy.

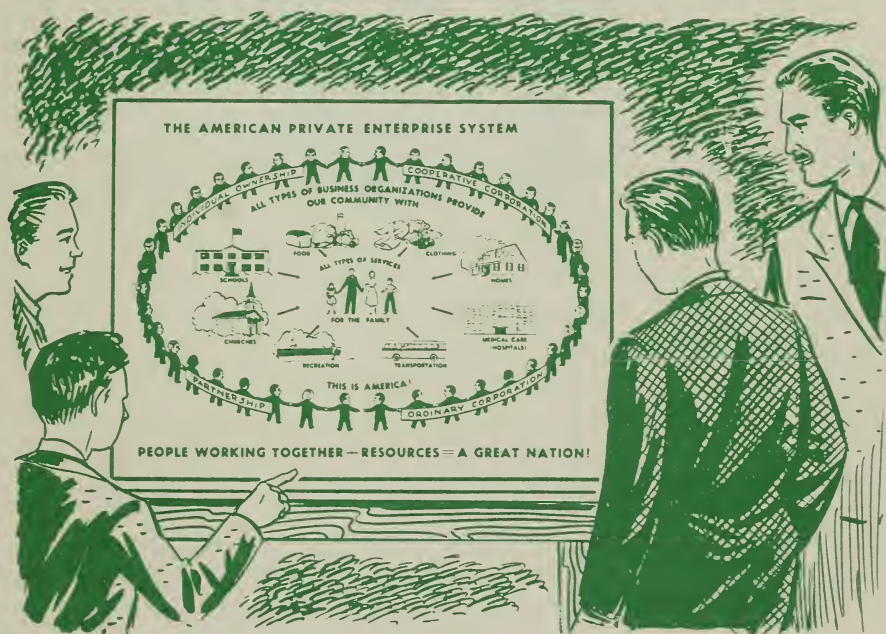
Farmers Help Everybody When They Work Together.  
*Single copies free.*

Five Questions About Farmer Cooperatives—What, When, Who, How, Why. *Single copies free.*

**H. Typical publications available from other sources.**

U. S. Chamber of Commerce, 1615 H Street NW., Washington 6, D. C.

Education—An Investment in People. *\$1 a copy.*



Rounding out the picture.

Women's Division, Institute of Life Insurance, 488  
Madison Avenue, New York 22, N. Y.

A Miss and Her Money.

Money in Your Pocket.

Your Life Insurance—Do You Know How It Works?

A Discussion of Family Money—How Budgets Work  
and What They Do.

Moderns Make Money Behave.

In obtaining educational aids for use in local 4-H Clubs, consult your county extension agents. They have in their files or available to them information prepared specifically to fit your local situation. They can also assist you in obtaining other materials like those listed in the foregoing section which are adaptable to your needs.



## A Word to 4-H Club Local Leaders<sup>2</sup>

This is your bulletin. It is written to you and for you, and about your jobs as pilots of 4-H Clubs.

You are among more than 300,000 volunteer leaders who are helping more than 2,000,000 4-H Club members. Your greatest reward is in helping boys and girls toward a happier life. Your job is a big one. The fact that you have been selected as a local leader means you have what it takes.

---

<sup>2</sup> Adapted from 4-H Club Local Leaders Handbook, Publication 316, University of Tennessee, Knoxville.

To do the best job requires the best tools—this handbook is a tool to make your job easier, yet more productive. We hope it will serve as a—

1. Road map—to chart your course.
2. Compass—to help you follow this course.
3. Telescope—to help you see ahead.
4. Yardstick—to measure the results of your work.
5. File—to keep your other tools sharp.

